



Cindi Rourk, Loan Officer

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www.charlestonIdc.org

Charleston LDC

- **Not-for-profit small business lender**
- **Mission-based: Economic Development, Job Creation,**
- **Funds have helped create or save almost 7,000 jobs in the Charleston area**

FY 2015:

- **35 loans approved**
- **25 loans closed**
- **\$1,026,291 funded**

Funding Sources

- **Small Business Administration (SBA)**
- **Economic Development Administration (EDA)**
- **United States Department of Agriculture (USDA)**
- **Charleston Renewable Community**
- **City of Charleston**
- **National Trust for Historic Foundation**
- **Calvert Social Investment Foundation**
- **Charleston Citywide Bank Consortium**
- **Communities at Work Fund™**
- **Small Business Lending Fund**

LDC Client Criteria

- **Loans capped at \$125,000**
- **Business cannot be**
 - Residential real estate (purchase or improvement, single or multi-family)
 - “Sin” based or Faith based
 - Not-for-profit
 - Solely selling items made outside of USA
- **Must be located in the LDC’s lending area**
 - Berkeley, Charleston, Colleton or Dorchester Counties



Lava Salon



LDC Client Criteria

All LDC Clients have been declined
traditional commercial credit

- **Typical Turndown Reasons:**

- Start-up status
- Industry type
- Lender's restrictions
 - LDC may provide “gap financing”
 - LTV policy
 - Owner investment



What the LDC sees as



The Business Plan

- What is a business plan and why do I need one?

A business plan precisely defines your business, identifies your goals and serves as your firm's resume. Its basic components include a current and pro forma balance sheet, an income statement and a cash flow analysis.

It helps you allocate resources properly, handle unforeseen complications, and *make the right decisions*.



www.SBA.gov

The Business Plan

- **Should give the lender:**
 - States Operating & Financial Plans
 - The \$\$\$ numbers \$\$\$!
 - Balance Sheet
 - Profit & Loss
 - Cash Flow Statement
 - Sales Projections
 - \$\$ Exact Funding Needs & Why
 - With these funds, the business will . . .

What Lenders look



as

Character

Capacity

Collateral

Capital

Condition

Character:

- The owner's credit history (not score)
 - www.annualcreditreport.com
- Background; experience – are the owners qualified to run the business?
 - Resumes of every influencer
- Ownership – amount of \$ (and time) invested in business
- Advisors? Family, friends, mentors, etc.



Character:

- **Owner(s)' Finances**
 - Federal tax returns (3 years)
 - Current personal financial statement
 - Liquidity
 - Debt: income < 40%
 - Current debt & timing (prudent spending)



Capacity:

- Can (does?) the business pay its bills?
- Secondary source of income (*can the business owner / guarantor personally repay the loan if the business fails?*)
- Debt Service Coverage > 1.5
- Pro forma, including Cash Flow Statement



Collateral

- “Hard Assets”
- Personal Guarantee – or Guarantor
- Risk mitigation options
- **Not acceptable:**
 - Inventory
 - Accounts receivable
 - Notes receivable
 - Personal property or items that cannot be held in the LDC’s safe deposit box
 - Interest in time share properties
 - Boats and other recreational vehicles



Conditions

- Is there a market for the product or service?
- What does the competition look like?
- Are there adverse regulations / laws in place or pending?
- Market Trends / Marketing
- Delivery
- Seasonality
- Changes in Operations
- Own vs. Rent
- Location



Capital

- Does the company have assets?
- What was the business owners' investment?
 - (Startup should have 10-20% of project cost invested)
- Is it reasonable expenditures?
- (Projected) Balance Sheet

The Process

Pre Loan

- Attend a 'Financing for Your Business' Seminar
 - LDC - 2 George Street, LDC Conference Room
 - Last Tuesday of the month @ 10:00 a.m.
 - Last Thursday of the month @ 4:00 p.m.
 - SCORE - Charleston County Lonnie Hamilton Bldg., Rm. C201
 - 19 July, 6-8pm, Room C201
 - 14 September, 11:30am- 1:30pm, Room C201
 - 9 November, 11:30am-1:30pm, Room C201
 - Other seminars will be posted on the LDC's Facebook Page

Timeline

- Application package deadlines
 - 1st of the month
- Credit underwriting 2nd week
- Mailed to Loan Committee 3rd week
- Loan Committee meets last Thursday of the month
- If recommended for approval, the Board of Directors reviews the 1st Wednesday of the following month



Terms

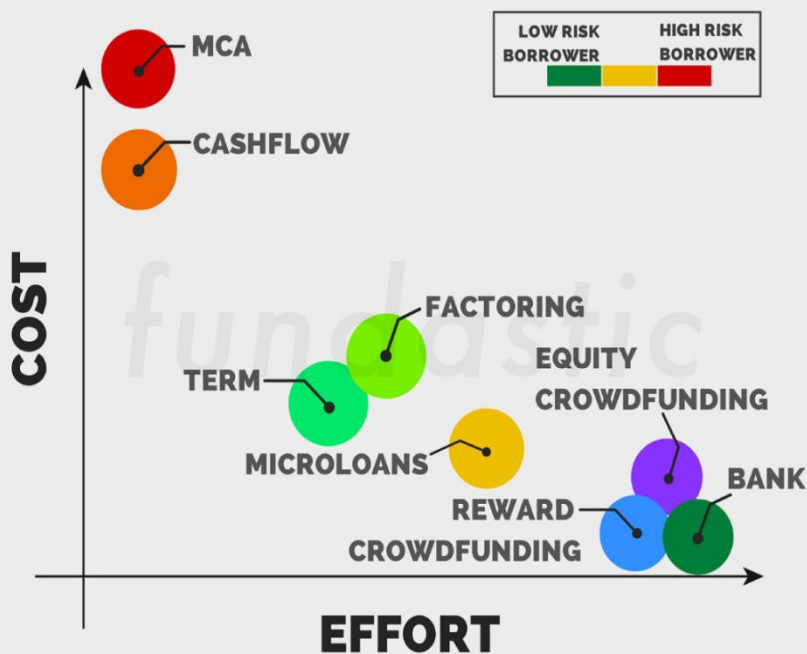
- **Interest Rate**
 - Fixed – currently $7\frac{3}{4}$ - 9%
- **Fees**
 - Up to 2% origination fee
- **Repayment terms**
 - Up to 10 years
- **Application fee**
 - \$100 for startups + \$25 for add'l owners
 - \$additional \$155 for existing (D&B)

Flexibility

- **Credit – no scoring**
- **Collateral – case-by-case**
- **Terms – fit to use of funds**
- **Decisions made by Local Board of Directors**



BUSINESS FINANCING 101



www.fundastic.com

Small Business Counseling:

Coastal SCORE

Charleston County - Lonnie
Hamilton Bldg.
4045 Bridge View Drive, C216
Charleston, SC 29405
(satellite offices Downtown, Mt.
Pleasant & Summerville)

www.coastal.score.org

SC Women's Business Center

Center 4 Women
129 Cannon Street
Charleston, SC 29403

www.scwbc.net

Small Business Development Center

Commissioners of Public Works
building
6269 Rivers Avenue, Suite 300
Charleston, SC 29405
(satellite office @ the Citadel)

www.charlestonsbdc.com



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